

Message Text

UNCLASSIFIED

PAGE 01 DHAHRA 00785 01 OF 02 090831Z
ACTION NEA-10

INFO OCT-01 EB-07 ISO-00 /018 W
-----122173 090838Z /10

R 090545Z JUL 77
FM AMCONSUL DHAHRAN
TO USDOC WASHDC
INFO SECSTATE WASHDC 5539
AMEMBESSY ABU DHABI
AMEMBASSY NAIRO
AMEMBASSY DOHA
AMEMBASSY JIDDA

UNCLAS SECTION 1 OF 2 DHAHRAN 0785/1

E.O. 11652: N/A
TAGS: BEXP, SA
SUBJECT: BUILDING PRODUCTS AND CONSTRUCTION EQUIPMENT TRADE MISSION

REF: STATE 132485 (NOTAL) USDOC 11628 (NOTAL)

1. POST WELCOMES OPPORTUNITY TO BE INCLUDED IN ITINERARY
OF SUBJECT TRADE MISSION. POST REGRETS DELAY IN RESPONDING
BUT HAS BEEN HANDICAPPED IN DRAFTING ITS REPLY TO USDOC 11773
BECAUSE IT WAS NOT INFO ADDRESSEE ON EARLIER MESSAGE AND
ALTHOUGH REPEAT REQUESTS HAVE BEEN MADE THEY HAVE NOT
BEEN ANSWERED. APPRECIATE, THEREFORE, USDOC ARRANGING FOR POST TO
RECEIVE COPIES OF STATE 126400.

2. TO AID USDON IN NONS DERING VISIT OF SUBJECT TRADE MISSION TO
DHAHRAN, POST REVIEWS BELOW LOCAL MARKET FOR BUILDING PRODUCTS AND
CONSTRUCTION EQUIPMENT, WHICH CAN BE ROUGHLY DIVIDED INTO THREE
PARTS:

(A) HEAVY AND HIGHWAY: US MANUFACTURERS OF LARGE EARTH-MOVING
CONSTRUCTION EQUIPMENT HOLD A DEEPLY ENTRENCHED POSITION IN
EASTERN PART OF SAUDI ARABIA. IT IS POSITION THEY HAVE BUILT UP
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 DHAHRA 00785 01 OF 02 090831Z

OVER YEARS AND IT WOULD BE DIFFICULT, SO FAR AS WE CAN SEE, FOR
NEWCOMER IN THIS AREA TO MAKE MUCH OF DENT IN MARKET. HEAVY AND
HIGHWAY CONSTRUCTION BUSINESS IS BIG BUSINESS IN THIS CONSULAR
DISTRICT
AS RESLUT OF YEARS OF WORK FOR ARAMCO AND (ONLY RECENTLY)
MAJOR SAG CONSTRUCTION PRODUCTS. JUST AS IMPORTANT TO NOTE THAT
HEAVY AND HIGHWAY CONSTRUCTION ACTIVITY HAS LEVELLED OFF RECENTLY

AND, PEHAPS, MAY HAVE DECLINED IN VOLUME AS SAG ECONOMIC POLICY HAS WORKED TO HOLD DOWN INFLATION BY CUTTING BACK ON ITS CONSTRUCTION PROGRAM. CONSEQUENTLY WITH SO MAY US EQUIPMENT MANUFACTURERS ACTIVE IN MARKET (P&H CRANES, ACCORDING TO Tocal AGENT, HAVE, IN THIS CONSULAR DISTRICT, FOUND ONE OF THEIR LARGEST MARKETS WORLD-WIDE) AND A MARKET A BIT STAGNANT, IT SEEMS UNLIKELY THAT MUCH BUSINESS COULD BE OAINED FOR AN AMERICAN COMPANY COMING AS NEWCOMER -

-
UNLESS HE HAS A PRODUCT THAT OFFERS LABOR-SAVING FEATURES NOT PREVIOUSLY SEEN HERE. EVEN SO, THERE ERE PITFALLS. IN PARA 5 OF DHAHRAN 0541 WE SUMMARIZED THE PROBLEMS OF MANUFACTURER OF A SLIP-FORM PAVER WHO FELT HE SHOULD NOT SELECT A LOCAL AGENT BECAUSE NONE OF THOSESEEDING TO REPRESENT HIS PRODUCT COULD OFFER THE LEVEL OF PARTS INVENTORY AND SERVICE THAT HIS SOPHISTICATED PRODUCT REQUIRES.

(B) MERTICAL CONSTRUCTION. THIS IS WHOLE NEW AREA TF CONSTRUCTION ACTIVITY IN CONSULAR DISTRICT. BUILDINGS ARE TYPICALLY FOUR-STORIES OR LESS AND POOR QUALITY OF LOCAL BUILDING CONSTRUCTION IS A CONSTANT SOURCE OF ASTONISHMENT TO REPS OF AMERICAN FIRMS VISITING THE CONSULAR DISTRICT. NEW MULTI-STORIED BUILDINGS (OR, AS IS MORE OFTEN THE CASE, PLANS FOR NEW MULTI-STORIED BUILDINGS) ARE BEGINNING TO SPROUT AND WE JUDGE THAT NOW IS THE TIME TO ENTER THE MARKET WITH PRODUCTS THAT US COMPANIES SELL TO THAT SEGMENT OF THE CONSTRUCTION INDUSTRY. HERE AGAIN, LABOR-SAVING CONSTRUCTION EQUIPMENT AND AIDS WOULD BE THE MOST INTERESTING TO LOCAL FIRMS.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 DHAHRA 00785 01 OF 02 090831Z

CONSTRUCTION EQUIPMENT THAT AIDS IN QUICK ERECTION OF CONCRETE AND CINDER-BTOCK HOUSES SHOULD ALSO BE CONSIDERED. NOTE THAT QUALITY VERTICAL CONSTRUCTION IS JUST IN ITS INFANCY (TO USE WORDS BORROWED FROM ONE AMERICAN CONTRACTOR) AND COMPANIES IN TRADE MISSION OFFERING PRODUCTS FOR THAT INDUSTRY MAY FIND THAT THEY ARE AHEAD OF T HE MARKET. APPOINTMENT OPPORTUNITIES MAY BE THIN, FOR EXAMPLE, BECAUSE SO FEW COMPANIES HAVE ENTERED BERTICAL CONSTRUCTION BUSINESS OR ARE SUPPLY HTUSES THAT ARE EQUIPPED TO MARKET THESE KINDS OF PRODUCTS. FOR EXAMPLE, THE KROY REP IN PENNA TRADE MISSION LAST MONTH DISCOVERED THAT ONLY WAY HE COULD MARKET HIS RE-BAR CUTTING EQUIPMENT IS TO GO INTO JOINT VENTSRE WITH BUILDER SUPPLY HOUSE. HE BELIEVES (AND WE AGREE) THAT BY SETTING UP SHOP WITH HIS EQUIPMENT TO CUT RE-BARS TO SPECS OF SMALLER CONTRACTORS, HE WILL ATTRACT ATTENTION OF LARGER CONTRACTORS AS POSSIBLE COUSTOMERS FOR HIS MACHINES. ALTHOUGH POST HAS QULIFIED ITS COMMENTS ABOUT POTENTIAL FOR VERTICAL CONSTRUCTION EQUIPMENT, IT FEELS THAT A COMPANY WISHING TO TAKE A LONG LOOK AT MARKET WILL FIND GOOD POTENTIAL FOR ITS PRODUCTS IN YEARS AHEAD AND WOULD GET JUMP ON COMPETITION.

(C) BUILDING MATERIALS. WE TAKE AS BROAD A LOOK AT THIS

MARKET AS THE CATALOGS OF "SWEETS." SPECIALITY HARDWARE, PAINTS AND COATINGS, INTERIOR DECORATING MATERIALS, KD KITNHEN AND BATHROOM CABINETS, KITCHEN, LIGHTING AND PLUMBING OIXTURES ETC. -- THE LIST IS A LONG ONE. WE DOUBT, HOWEVER, THAT THE MARKET IS LARGE ENOUGH TO CONSIDER A SINGLE-PRODUCT COMPANY BEING INCLUDED IN SUBJECT TRADE MISSION. RATHER, WE SUGGEST, NOMPANIES PRODUCING A RAGE OF PRODUCTS WILL FIND MARKET HERE MORE ATTRACTIVE, AS WITHOUT FOLLOW-UP SUPPORT (WHICH WOULD INCLUDEPERITDIC VISITS OF SALES REP FROM SS HOME OFFICE) MARKET HERE MAY NOT PRODUCE CONTINUING SALES TO THE AMERICAN MANUFACTURER. WE ALSO CAUTITN AGAINST INCLUDING PRE-FAB BUILDING MANUFACTURER IN SUBJECT TRADE MISSION. MARKET HAS REACHED NEAR SATURATION POINT IN THE PRODUCT LINE AND POST WOULD WISH TO REVIEW PRODUCT FOR MARKET POTENTIAL BEFORE IT WOULD SUGGEST COMPANY REP VISIT DHAHRAN.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 DHAHRA 00785 01 OF 02 090831Z

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 DHAHRA 00785 02 OF 02 091108Z
ACTION NEA-10

INFO OCT-01 EB-07 ISO-00 /018 W
-----123892 091109Z /10

R 090545Z JUL 77
FM AMCONSUL DHAHRAN
TO UDNOC WASHDC
INFO SECSTATE WASHDC 5540
AMEMBASSY ABU DHABI
AMEMBASSY CAIRO
AMEMBASSY DOHA
AMEMBASSY JIDDA

UNCLAS SECTION 2 OF 2 DHAHRAN 0785/2

3. POST NOTES FROM PROPOSED ITINERARY THAT SUBJECT TRADE MISSION WOULD ARRIVE DHAHRAN ON THURSDAY OCTOBER 13. AS THURSDAY AND FRIDAY (THE MUSLIM WEEKEND) ARE INAPPROPRIATE DAYS TO START TRADE MISSION VISIT, THE MISSION SHOULD BE ADVISED THAT POST WILL NOT BE ABLE OG SCHEDULE APPOINTMENTS OR RECEPTION UNTIL STAURDAY OCTOBER 15. IN THIS REGARD, POST REQUESTS USDOC TO RE-READ PARA 8 OF DHAHRAN 0540,

WHICH EXPLAINS DIFFICULTY OF PROGRAMING TRADE MISSION IN DHAHRAN AT BEGINNING OF WEEK. POST WILLING TO RECEIVE MISSION FOR OCT 13-17 BUT ONLY WITH UNDERSTANDING THAT FIRST WORK DAY (OCT 15) OF VISIT MAY BE THIN ON PROGRAMMING SIDE. ASSUME TRADE MISSION WILL BE AVAILABLE FULL DAY OF OCT 17 FOR BUSINESS APPOINTMENTS.

4. POST NOTES THAT PROCESS CONTROLS

TRADE MISSION IS SCHEDULED TO VISIT DHAHRAN AT ALMOST SAME TIME AS SUBJECT TRADE MISSION (DHAHRAN 0746). POST COMMENTS THAT THERE IS NO WAY IT CAN HANDLE ARRANGEMENTS FOR TWO TRADE MISSIONS AT SAME TIME OR EVEN IN SAME GENERAL TIME FRAME. ALTHOUGH POST JUDGES SUBJECT TRADE MISSION TO HAVE MORE POTENTIAL THAN PROCESS CONTROLS TRADE MISSION, IT IS UNABLE TO RECOMMEND WITH CERTAINTY EITHER TRADE MISSION UNTIL IT RECEIVES FULL PARTICULARS ON BOTH TRADE MISSIONS. POST ALSO NOTES IN PARA 2 OF UNCLASSIFIED

UNCLASSIFIED

PAGE 02 DHAHRA 00785 02 OF 02 091108Z

ABU DHABI 1611 THAT EMBASSY VIEWS MARKET IN UAE FOR SUBJECT TRADE MISSION TO BE 180 DEGREES DIFFERENT THAN ONE IN POST'S CONSULAR DISTRICT. IF SUBJECT TRADE MISSION RECRUITED TO MATCH CRITERIA GIVEN IN ABU DHABI'S MESSAGE, THAT POST IS NOT SO SURE MISSION WOULD HAVE SUCCESSFUL VISIT IN DHAHRAN....AND, IT ASSUMES, REVERSE SHOULD BE TRUE FOR UAE IF TRADE MISSION WAS RECRUITED ALONG LINES POST RECOMMENDS ABOVE. (EMBASSY ABU DHABI MAY WISH TO COMMENT).

5. IN VIEW OF COMMENTS MADE IN PARA 4, USDOC MAY WISH

TO CONSIDER INCLUDING DHAHRAN AS VENUE FOR APRIL 78 BUILDING PRODUCTS AND CONSTRUCTION EQUIPMENT SEMINAR MISSION (SEE STATE 102922), ASSUMING POST DOES NOT SCHEDULE FURNITURE SHOW IN EXHIBITION FACILITY LOCATED ON CONGEN COMPOUND, DURING SAME PERIOD (SEE PARA 2 DHAHRAN 0738). BELIEVE SEMINAR APPROACH COULD BE VERY EFFECTIVE IF IT IS WOVEN INTO A "SHOW AND TELL" FABRIC WHICH WOULD PERMIT MEMBERS OF SEMINAR TO DEMONSTRATE EQUIPMENT AND MATERIALS WHICH ARE SUBJECTS OF THEIR PAPERS.

6. BECAUSE OF NUMBER OF QUESTIONS RAISED ABOVE, POST HAS NOT MADE HOTEL RESERVATIONS AS REQUESTED BY USDOC. POST, INSTEAD, EXPLAINED TO HOTEL THAT OCTOBER TRADE MISSION IS IN OFFING AND IT WAS ADVISED THAT HOTEL WOULD HAVE NO DIFFICULTY IN BOOKING MISSION PROVIDE FIRM HOTEL RESERVATIONS WERE MADE BEFORE END OF JULY. ALSO, PLEASE ADVISE POST IF RESERVATIONS SHOULD BE MADE AS SINGLES OR DOUBLES. (FYI: WE NOW FIND THAT WITH SINGLE ROOM LOCAL HOTEL COSTING US \$100 A NIGHT, TRADE MISSION MEMBERS ARE WILLING TO SHARE ROOMS AT US \$60 EACH. UNFORTUNATELY MISSION MEMBERS USUALLY MAKE THIS DECISION JUST BEFORE OR SHORTLY AFTER THEY ARRIVE IN DHAHRAN AND THESE LAST-MINUTE CHANGES IN RESERVATIONS DO NOTHING TO IMPROVE OUR RELATIONS WITH LOCAL HOSTELRIES). BUSHNELL

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977DHAHRA00785
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770244-0692
Format: TEL
From: DHAHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770775/aaaacmyk.tel
Line Count: 223
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e9938a6e-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 132485
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1914153
Secure: OPEN
Status: NATIVE
Subject: BUILDING PRODUCTS AND CONSTRUCTION EQUIPMENT TRADE MISSION
TAGS: BEXP, SA
To: COM
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/e9938a6e-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009